

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7534**

**BILL NUMBER:** HB 1374

**NOTE PREPARED:** Jan 5, 2007

**BILL AMENDED:**

**SUBJECT:** Property and Casualty Policy Amendments.

**FIRST AUTHOR:** Rep. Stevenson

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill requires a property and casualty insurer to provide notice to the policyholder of a proposed policy amendment by rider or endorsement and to maintain the coverage of the policy without change until the insured accepts or declines the amended coverage in writing. It provides that a policyholder claim for coverage under a policy of property and casualty insurance must be filed within two years after the event from which the claim arises. The bill requires an insurance producer to notify a customer of each rider or endorsement that may apply to a proposed property and casualty insurance policy. It specifies that a civil claim for bad faith claim settlement must be commenced within two years after the cause of action accrues.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** Individuals suspected of violating the above provisions could be charged with unfair and deceptive acts or practices in the business of insurance and may be subject to a hearing by the Commissioner of Insurance. Adding a prohibition will increase the number of violations for which a hearing may ensue. However, the Department of Insurance (DOI) should be able to handle any additional expenses given its current level of budget and resources.

**Explanation of State Revenues:** As a result of the hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice, and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOI.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.